

Approved Minutes
CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION MEETING
Tuesday, June 22, 2004
2:00 P.M.

Jesse M. Unruh State Office Building
915 Capitol Mall, Room 587
Sacramento, CA 95814

1) ROLL CALL

Deputy Treasurer Barbara Lloyd called the meeting to order at approximately 2:05 p.m. Members present included: Cindi Aronberg for State Controller Steve Westly, Barbara Lloyd for State Treasurer Phil Angelides, and Bob Campbell for Governor Arnold Schwarzenegger. A quorum was present.

2) APPROVAL OF THE MINUTES (November 20, 2003)

Ms. Aronberg moved that the minutes of the November 20, 2003 meeting be approved. The motion was seconded by Ms. Lloyd and passed (3-0).

3) EXECUTIVE DIRECTOR'S REPORT

Ms. Lisa M. Harris presented a summary of CDIAC's seminar activities since the November 20, 2003 Commission meeting. This discussion included information on ongoing educational seminar programs, including a *Tools to Revitalize California Communities* program held in La Habra; a *Fundamentals of Bond Financing* seminar held in Pasadena; and an investments workshop to be held in Sacramento.

Ms. Harris commented on other seminars proposed for 2004, including *The ABCs of School Debt Financing* seminar co-sponsored with the 2004 CASBO Professional Development Committee and *The Mechanics of a Bond Sale* seminar. In addition, CDIAC is completing several research projects including updating the *Tools to Revitalize California Communities* resource guide.

4) ACTION ITEMS

Item 4.a. Approval of Resolution 04-01: Executive Director Contract Delegation Authority

Ms. Harris presented Resolution 04-01 to the Commission for approval. The resolution proposed increasing the amount of contracts into which the Executive Director may enter on behalf of the Commission. The Executive Director or Acting Executive Director currently has authority to enter into contracts and interagency agreements on behalf of the Commission up to a maximum of \$300,000 per contract and \$500,000 for all contracts, without the prior approval of the Commission. Due to changes in the manner in which CDIAC's operating costs are distributed, the contract authority must be increased. In particular, CDIAC's Interagency Agreement with the State Treasurer's Office now includes both administrative services and building rent. Formerly each was billed separately. To enable the Executive Director or Acting Executive Director to enter into an agreement covering all CDIAC's normal operating expenses, the resolution asks

the Commission to increase delegated contract limits to a maximum of \$450,000 per contract and \$650,000 for all contracts, without prior approval of the Commission.

Following a brief discussion of CDIAC's revenue and expenditure allocation, the Commission agreed to raise both limits as specified in the resolution. Ms. Lloyd moved that Resolution 04-01 be approved. Mr. Campbell seconded the motion and it passed (3-0).

Item 4.b. Approval of Resolution 04-02: Setting a Reporting Fee for 2004-05

Ms. Harris presented Resolution 04-02 to the Commission for approval. The resolution requests the Commission to defer the annual CDIAC fee increase. Due to an existing fund balance of approximately \$6 million, staff believes a fee increase is unnecessary and recommends that it be deferred to allow staff to conduct an analysis of the existing fee structure. The staff will present its findings to the Commission in the future and provide recommendations regarding a new fee structure.

Following a brief discussion of bond market fluctuations, Mr. Campbell moved that Resolution 04-02 be approved. Ms. Aronberg seconded the motion and it passed (3-0).

5) BUSINESS AND INFORMATION ITEMS

Item 5.a. Update of CDIAC Activities

I. Summary of CDIAC Seminars and Workshops

Ms. Harris introduced Ms. Linda Louie, Manager of the Continuing Education and Outreach Unit. Ms. Louie briefed the Commission on CDIAC's seminars and workshop activities since November 20, 2003 and its proposed seminar schedule through the remainder of fiscal year 2003-04.

Key seminars and conferences to be presented include *Advanced Portfolio Decision Making* workshop in San Francisco; *Managing Unfunded Liabilities*, a pre-conference program to be held at The Bond Buyer's 14th Annual California Public Finance Conference in San Francisco; two one-day school debt financing workshops to be held in Sacramento and Anaheim; and *Mechanics of a Bond Sale* to be held in San Diego in conjunction with a *Tools to Revitalize California Communities* program. In addition, CDIAC is a member of the Association for Governmental Leasing and Finance's annual conference planning committee and will host a session on Abatement Leases at the conference.

CDIAC will co-sponsor a *Tools to Revitalize California Communities* workshop in Los Angeles on July 19, 2004 in conjunction with Los Angeles City Council Member Martin Ludlow. CDIAC also will host its 3rd Annual *Tools to Revitalize California Communities* program on July 23, 2004 in Bakersfield in conjunction with State Assembly Member Nicole M. Parra.

II. Reports and Publications

Ms. Kristin Szakaly-Moore briefed the Commission on CDIAC's research goals and proposed projects for 2004, including a report on the March 2003 primary election; an update of the *Local Agency Investment Guidelines*; an update of the *Tools to Revitalize California Communities* resource guide; and a new report, entitled *Investment Portfolio Reporting Practices Guide*, which is intended to provide local government treasurers and

staff an overview of the various methods of reporting investment portfolio information. In addition, CDIAC expects to release a *California Public Investment Primer*, an update of its *Appraisal Standards for Land-secured Financings*, and an update of its *California Debt Issuance Primer* in the near future.

Item 5.b. Update on Bond-Related and Investment-Related Legislation

Ms. Szakaly-Moore briefed the Commission on bond-related and investment-related legislation of interest to CDIAC, including AB 1182, which repealed CDIAC's requirement to report on state and local government outstanding debt. In addition, two budget bills currently propose suspending the mandate and reimbursement provisions for local agencies to report investment policies and portfolio reports to their respective legislative bodies.

6) PUBLIC COMMENT

There was no public comment.

7) ADJOURNMENT

There being no further business, the meeting was adjourned by acclamation at 2:35 p.m.